



May 16, 2013

Ex Parte

Ms. Marlene Dortch
Secretary
Federal Communications Commission
445 12th Street, SW
Washington, D.C. 20554

Re: Connect America Fund, WC Docket No. 10-90

Dear Ms. Dortch:

On May 13, 2013, Jeff Lanning (CenturyLink), Malena Barzilai (Windstream), Alan Buzacott (Verizon), Joel Lubin and Christi Shewman (AT&T), and I met with Douglas Slotten, Jamie Susskind, Deena Shetler, Randy Clarke, Pam Arluk, Richard Kwiatkowski, and Kalpak Gude of the FCC's Wireline Competition Bureau.

Our discussion focused on the operation of the Commission's Part 69 rules for the calculation of access charges by price cap carriers and how Interstate Access Support funds have flowed into the calculation of Subscriber Line Charges and effectively reduced those charges. Much of the discussion concerned Subpart C of Part 69 and rules 69.152 and 69.153. As in previous ex partes¹, we explained the tension between language in the *USF/ICC Transformation Order* and rules that, on one hand, appear to direct companies to allocate certain legacy high-cost support (IAS, ICLS and LSS) to the calculation of interstate access charges but, on the other hand, also appear to direct companies to spend increasingly larger amounts of this same legacy high-cost support on building and operating broadband networks in certain areas.

On March 14, 2013, we filed an ex parte illustrating some of the potential fiscal effects of this tension on support, access and subscriber charges.² We also discussed the operation of the Part 69 Rules and the calculation of Subscriber Line Charges by price cap carriers in the future when the Commission replaces legacy support mechanisms with Phase II of the Connect America Fund.

¹ See, e.g., Letter from Jonathan Banks, USTelecom, to Marlene Dortch, FCC, WC Docket No. 10-90 and CC Docket No. 01-92 (filed Feb. 27, 2013); Letter from David Cohen, USTelecom, to Marlene Dortch, FCC, WC Docket No. 10-90 (filed Jan. 31, 2013); Letter from Jonathan Banks, USTelecom, to Marlene Dortch, FCC, WC Docket No. 10-90 (filed Dec. 20, 2012).

² See Letter from Jonathan Banks, USTelecom, to Marlene Dortch, FCC, WC Docket No. 10-90 and CC Docket No. 01-92 (filed March 14, 2013).

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Pursuant to Commission rules, please include this ex parte letter in the above-identified proceeding.

If you have any questions, please contact me.

Sincerely,

A handwritten signature in blue ink, appearing to read "Jonathan Banks". The signature is fluid and cursive, with the first name "Jonathan" written in a larger, more prominent script than the last name "Banks".

Jonathan Banks
Senior Vice President, Law & Policy

c: Douglas Slotten
Jamie Susskind
Deena Shetler
Randy Clarke
Pam Arluk
Richard Kwiatkowski
Kalpak Gude